

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 92-208-E - ORDER NO. 94-101 ✓
JANUARY 28, 1994

IN RE: Duke Power Company - Integrated) ORDER ON
Resource Plan (IRP).) MODIFIED PROGRAMS

This matter comes before the Public Service Commission of South Carolina (the Commission) on the October 28, 1993 letter of Duke Power Company (Duke or the Company) filing information concerning proposed modifications in Demand Side Management (DSM) programs. The Company makes this filing as per the Commission requirements in Order No. 93-8 dated January 25, 1993. Duke seeks continued deferral accounting on two out of three of the modifications filed with this Commission.

Duke seeks continued deferral accounting on its High Efficiency Heat Pump And Central Air Conditioning Payment Program. Duke is combining the existing High Efficiency Heat Pump and Central Air Conditioning Payment Program for the residential market and the High Efficiency Unitary Equipment Program for the commercial/industrial market into a single program. The air-cooled condensing equipment included in the existing Unitary Equipment Program is the same equipment included in the existing High Efficiency Heat Pump and Central Air Conditioning Program. According to Duke, combining the programs will provide the same payment for equipment used in both the residential and

nonresidential markets. Duke proposes to change the incentive structure for the air-cooled condensing equipment. Under its proposal, the High Efficiency Heat Pump incentive is being modified to provide higher incentives for higher efficiency equipment and the High Efficiency Air Conditioning rebate is being lowered to better reflect the lower value of those units to the Duke system. Duke states that the value to the system of heat pumps and air conditioning as a DSM resource is related to the demand and energy savings of the higher efficiency equipment. The avoided energy costs for high efficiency heat pumps occur, according to Duke, during both the heating and cooling seasons. Avoided energy costs for high efficiency air conditioning occur during the cooling season. Duke is seeking approval to modify this program and to continue deferral accounting for the program payments and advertising expenses.

Second, Duke requests approval to modify and extend the Non-Residential Air Conditioning Load Shift (Cool Storage) Program to December 31, 1996. Duke also requests approval to continue deferral accounting for incentive payments for the pilot program. Duke proposes to extend this pilot and expand the scope which will maintain the momentum and credibility of this emerging technology. The pilot is currently targeted towards customers receiving service under rate schedule OPT. From the existing pilot, Duke has learned that lead time to study engineering and installation of this technology are longer than anticipated. A loan provision which was added in 1992 will be deleted due to lack of customer interest. Duke believes that it is appropriate and necessary to maintain the

momentum of the existing efforts with this emerging technology while investigating other cost-effective options.

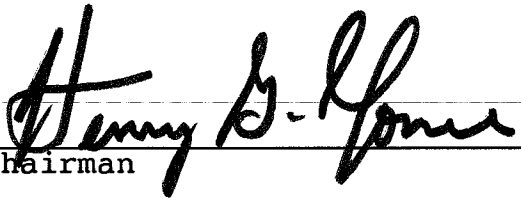
Third, Duke is not seeking deferral accounting for its non-residential high efficiency heat pump development. Duke proposes to implement, however, this program to encourage builders and developers to install high efficiency heat pumps in the commercial market. The program will target owners and developers of large commercial projects. The program will include payments or services beyond those provided under the High Efficiency Heat Pump and Central Air Conditioning Payment Program. Examples of services may include energy simulation analysis, energy audits, and other matters. The payment or the cost to the Company of services provided will not exceed an amount determined to be cost-effective in Duke's IRP process.

The Commission notes that the Consumer Advocate has been consulted about these matters and that there are no outstanding issues between Duke and the Consumer Advocate with regard to them.

The Commission has examined this matter and believes that all three programs are consistent with the standards set by this Commission in Order No. 93-8 dated January 25, 1993. Also, the Commission believes that Duke should be allowed to continue deferral accounting in the first two programs, and to modify the

first program, as indicated. This Order shall remain in full force and effect until further Order of the Commission.

IT IS SO ORDERED.


Chairman

ATTEST:


Executive Director

(SEAL)